



May 16, 2017

Secretary
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Via Email to rule-comments@sec.gov

Re: File Number S7-03-17

Dear Office of the Secretary:

Grant Thornton LLP appreciates the opportunity to comment on the Securities and Exchange Commission (“SEC” or “Commission”) March 1, 2017 Proposed Rule, *Inline XBRL Filing of Tagged Data* (“Proposed Rule”). Grant Thornton LLP is the U.S. member firm of Grant Thornton International, Ltd. with more than 8,000 personnel in 59 offices across the United States.

We commend the Commission for its continued efforts to incorporate technological advances into its disclosure framework. We believe that increased access to decision-useful financial information is in the public’s interest. We support the objective of the Commission to improve the usefulness and quality of XBRL data, and in that regard, we have focused our comments on 1) the near-term need to clarify auditor involvement with the Interactive Data File and 2) future opportunities to increase data quality including auditor involvement. Our views and comments on these topics are discussed in detail below.

Near-term clarification of auditor involvement with the Interactive Data File

In our experience, users have an inherent expectation that auditors have provided some level of procedures over financial data included in publically filed documents, even when the rules and regulations of the SEC require no auditor involvement. We believe the manner of presentation of Inline XBRL formatted-data whereby tags are visible within the HTML financial statements may reinforce users’ expectation that the interactive data has been subject to procedures as part of the financial statement or integrated audit. Furthermore, mandating the use of Inline XBRL may additionally increase users’ expectation that auditors have performed procedures over the Inline XBRL-formatted data.

We believe it is important for financial statement users to understand the extent of auditor involvement with Inline XBRL data. While the Proposed Rule states that auditors are not required to perform procedures over the Interactive Data File and that filers are not required to

obtain assurance on their Interactive Data File,¹ this lack of auditor involvement would not be prominently disclosed to a user of the financial statements under the Proposed Rule. We offer some suggested methods to more prominently communicate the extent of auditor involvement with interactive data to financial statement users as follows:

- Communication to financial statement users within the data tags themselves
- Communication to financial statement users within the filing, either within management's disclosures regarding controls and procedures or the footnotes to the financial statements

If the Commission proceeds with no auditor involvement in any final rule, because of the existing perception that auditors are involved, we believe the lack of auditor involvement should be more prominently addressed in any final rule, perhaps as a separate section, rather than as a footnote to the body of text.

Future opportunities to increase data quality including auditor involvement

We believe users are able to realize the full potential of XBRL-formatted information when there is high-quality, comparable data available among issuers. As noted in the Proposed Rule, the Commission staff have identified certain data quality issues with respect to financial statement information XBRL data filed by operating companies.² We understand one of the objectives of the Commission's Proposed Rule is to improve data quality through the use of Inline XBRL. We caution that while the use of Inline XBRL may, in some respects, facilitate review of XBRL data prior to its submission by preparers, Inline XBRL alone will likely not be sufficient to make an appreciable improvement in the quality of XBRL data.

Looking forward, we believe it is highly possible that users' reliance on interactive financial data will increase, or possibly even exceed their reliance on traditional financial statements. It is essential that the Commission and standard-setters continue to monitor the growing use of interactive financial data to ensure the financial information used by investors in the future is as reliable as the financial statements published today.

We acknowledge the Commission's proposal that auditors would continue to have no required involvement with respect to the Interactive Data File. However, as the use of interactive financial data increases, we hope to continue a dialogue with the Commission, standard setters, and stakeholders regarding the benefits of the application of independent auditor assurance procedures to interactive financial data. In this regard, we offer some forward-looking recommendations for the Commission below.

¹ Footnote 181 of the Proposed Rule states that, "Furthermore, auditors are not required to apply AS 2710 (*Other Information in Documents Containing Audited Financial Statements*), AS 4101 (*Responsibilities Regarding Filings Under Federal Securities Statutes*), or AS 4105 (*Reviews of Interim Financial Information*) to the Interactive Data File submitted with a company's reports or registration statements".

² See Footnote 31 of the Proposed Rule.

Further research

We recommend the Commission continue to monitor the use of XBRL data to give adequate consideration to the future need for auditor involvement. For example, future studies may need to occur regarding the level of use and applications of XBRL data, as well as the level of user demand and perceived auditor involvement with such data.

One opportunity to consider auditor involvement may exist within the PCAOB's current research agenda. We understand that in connection with the project, *The Auditor's Role Regarding Other Information and Company Performance Measures, Including Non-GAAP Measures*, the PCAOB will reevaluate "whether there is a need to revise the standards in this area and, if so, how ... the Board is considering input it has received regarding the significance to the capital markets of company performance measures that are often reported in documents outside of the scope of AS 2710".³ We believe there is a natural overlap between the content and objectives of this research project and the consideration of future auditor involvement with XBRL data, and we recommend consideration of auditor involvement with XBRL data for inclusion in the research agenda.

Other options for future auditor involvement

Today some issuers voluntarily engage auditors to perform procedures with respect to XBRL formatted-data.⁴ As interactive data formats and the use of interactive data evolve, other forms of independent auditor assurance with respect to interactive data may be needed. For example, auditors could perform procedures over the interactive data in connection with the audit of the financial statements or integrated audit, or as a separate attestation engagement where the auditor would provide an opinion on the accuracy and consistency of the interactive data. These options would require additional auditing and attestation standards, respectively.

We acknowledge that auditor involvement with interactive data would result in an incremental cost to preparers and that thoughtful consideration of the benefits of auditor involvement would need to be weighed against the incremental cost. However, as users' reliance on interactive financial data increases, we believe auditor involvement would be in the public's interest and consistent with the SEC's mission of investor protection.

We commend the Commission for its continued efforts to improve the usefulness and quality of XBRL formatted-data and its leadership in incorporating new technologies into its disclosure framework. We appreciate the opportunity to provide our views related to the Proposed Rule and would be pleased to discuss our comments with you. If you have any questions, please

³ [PCAOB Standard-setting Update, March 31, 2017](#)

⁴ Voluntary engagements are conducted today under American Institute of Certified Public Accountants (AICPA) Statement of Position 13-2, *Performing Agreed-Upon Procedures Engagements that Address the Completeness, Mapping, Consistency or Structure of XBRL Formatted-Information*.

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Sincerely,

Grant Thornton LLP